



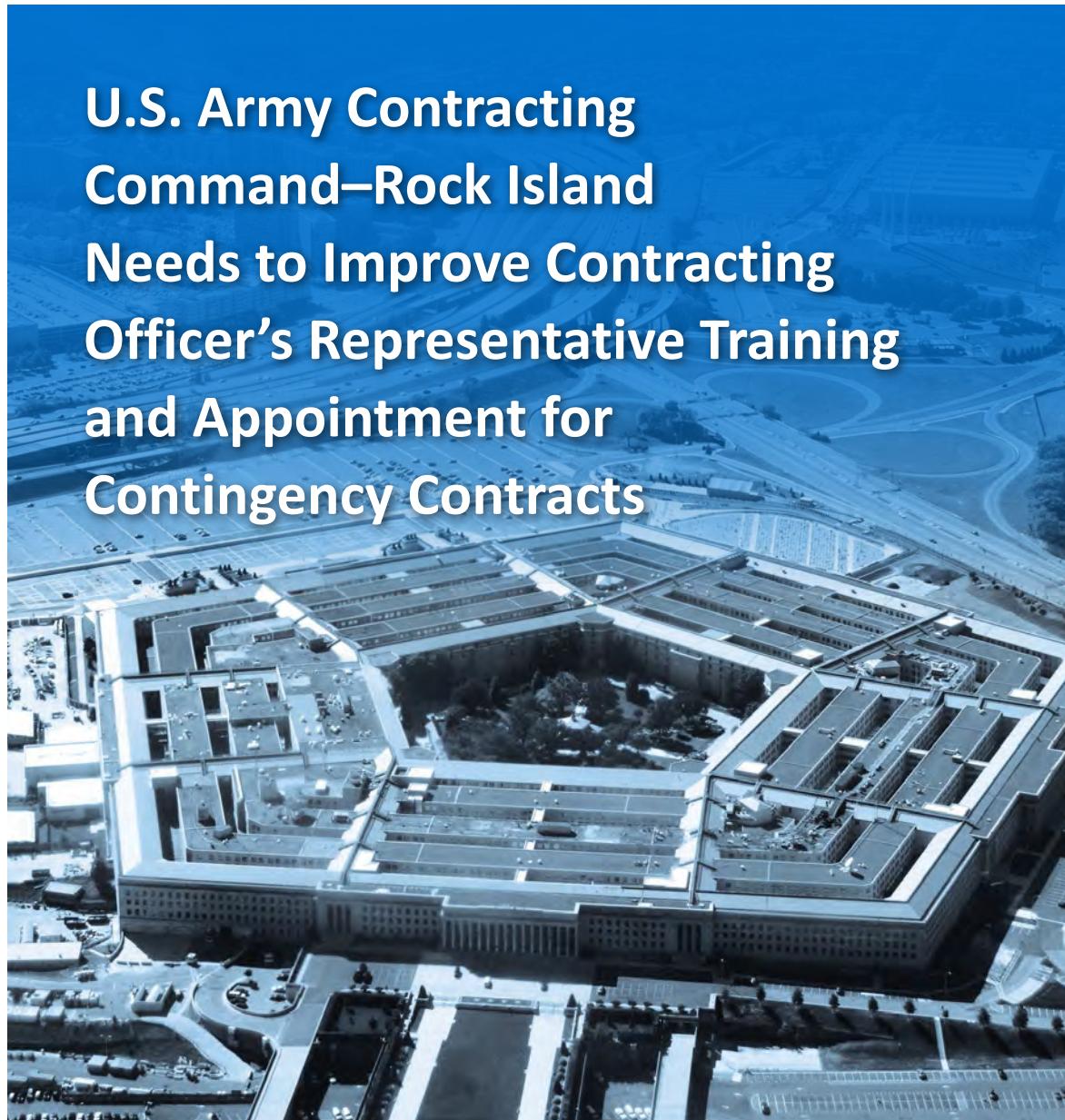
# INSPECTOR GENERAL

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*U.S. Department of Defense*

JULY 10, 2015

## **U.S. Army Contracting Command—Rock Island Needs to Improve Contracting Officer's Representative Training and Appointment for Contingency Contracts**



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# Results in Brief

## *U.S. Army Contracting Command–Rock Island Needs to Improve Contracting Officer’s Representative Training and Appointment for Contingency Contracts*

July 10, 2015

### Objective

We determined whether Army controls for monitoring contractor performance were effective for supporting Operation United Assistance contracts. Specifically, we determined whether Army contracting officer’s representatives (CORs) performed effective contractor surveillance on seven Operation United Assistance task orders; CORs were properly trained and appointed; and CORs implemented well-developed quality assurance surveillance plans.

### Finding

U.S. Army Contracting Command–Rock Island (ACC–RI) controls for monitoring contractor performance for seven task orders valued at \$7.6 million, supporting Operation United Assistance, were generally effective. However, for one of seven task orders the ACC–RI procuring contracting officer did not appoint CORs in accordance with DoD requirements. Specifically, the procuring contracting officer did not:

- properly appoint any of the six CORs assigned to the task order; and
- ensure three of six CORs received the required COR training.

This occurred because the procuring contracting officer did not include COR appointment authority in the administrative contracting officer’s delegation letter. As a result, ACC–RI officials did not ensure qualified individuals were assigned to monitor contractor performance.

### Recommendation

We recommend that the Executive Director, ACC–RI, direct the procuring contracting officer to include COR appointment authority in future administrative contracting officers’ delegation letters, when appropriate, and ensure CORs are properly appointed and trained.

### Management Comments and Our Response

The Army did not respond to the recommendation in the report. We request that Army officials provide comments on the final report. Please see the Recommendation Table on the back of this page.

## ***Recommendation Table***

<b>Management</b>	<b>Recommendation Requires Comment</b>
Executive Director, U.S. Army Contracting Command—Rock Island	Yes

Please provide Management Comments by August 10, 2015.



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
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July 10, 2015

**MEMORANDUM FOR ARMY AUDITOR GENERAL, DEPARTMENT OF THE ARMY**

**SUBJECT: U.S. Army Contracting Command–Rock Island Needs to Improve Contracting Officer’s Representative Training and Appointment for Contingency Contracts (Report No. DODIG-2015-147)**

We are providing this report for your review and comment. The Army did not respond to the draft report. U.S. Army Contracting Command–Rock Island controls for monitoring contractor performance for seven task orders valued at \$7.6 million, supporting Operation United Assistance, were generally effective. However, the U.S. Army Contracting Command–Rock Island procuring contracting officer did not include contracting officer representative appointment authority in the administrative contracting officer’s delegation letter and did not ensure contracting officer representatives were properly trained. This report relates to the overseas contingency operation, Operation United Assistance, and was completed in accordance with the DoD IG oversight responsibilities, as described in Section 8L of the Inspector General Act of 1978, as amended. We conducted this audit in accordance with generally accepted government auditing standards.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Please provide comments that state whether you agree or disagree with the finding and recommendations. If you agree with our recommendations, describe what actions you have taken or plan to take to accomplish the recommendations and include the completion dates of your actions. If you disagree with the recommendations or any part of them, please give specific reasons why you disagree and propose alternative action if that is appropriate. You should also comment on the internal control weaknesses discussed in the report.

Please send a PDF file containing your comments to [cmp@dodig.mil](mailto:cmp@dodig.mil). Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We should receive your comments by August 10, 2015. We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

Michael J. Roark  
Assistant Inspector General  
Contract Management and Payments

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# OBJECTIVE

- We determined whether Army controls for monitoring contractor performance were effective for supporting Operation United Assistance (OUA) contracts.
- Specifically, we determined whether Army contracting officer's representatives (CORs) performed effective contractor surveillance on seven OUA task orders; CORs were properly trained and appointed; and CORs implemented well-developed quality assurance surveillance plans (QASPs).



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## BACKGROUND

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- On September 15, 2014, the Secretary of Defense authorized the DoD to provide support, under OUA, to U.S. Government humanitarian and disaster relief efforts for the Ebola Virus Disease outbreak in West Africa.
- On September 16, 2014, President Obama announced U.S. Africa Command would establish a Joint Force Command Headquarters in Liberia to support U.S. military activities and help coordinate expanded U.S. and international relief efforts to fight Ebola in West Africa.
- The Army also established an intermediate staging base cargo hub in Dakar, Senegal.

## BACKGROUND *(cont'd)*

- On October 20, 2014, Army Contracting Command–Rock Island (ACC–RI) awarded a firm-fixed price, indefinite-delivery indefinite-quantity contract W52P1J-15-D-0001 to Crowley Logistics for vessel loading and unloading, transfer of cargo, storage, and use of facilities and equipment in Liberia and Senegal. The maximum ceiling on the contract was \$8.5 million for a 1-year period of performance.
- As of April 2015, ACC–RI awarded seven task orders, valued at \$7.6 million, under the contract.



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## BACKGROUND *(CONT'D)*

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- U.S. Army Military Surface Deployment and Distribution Command<sup>1</sup> (SDDC) was the requiring activity for 6 of 7 task orders. The SDDC developed one performance work statement (PWS) for all six task orders.
- SDDC developed the October 15, 2014, PWS (PWS A) for Liberia and Senegal. The scope of PWS A included:
  - vessel loading;
  - vessel unloading;
  - receipt of cargo;
  - disposition of cargo;
  - stuffing/unstuffing of cargo;
  - intra-terminal transfer of cargo;
  - onward movement of cargo;
  - management expertise; and
  - movement control reporting.

<sup>1</sup> SDDC is the Army Service Component Command of the U.S. Transportation Command that plans and executes the surface delivery of equipment and supplies.



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## BACKGROUND *(CONT'D)*

- Joint Forces Command United Assistance<sup>2</sup> (JFC–UA) was the requiring activity for 1 of 7 task orders. The JFC–UA developed the PWS for the task order. ACC–RI delegated the Army 414th Contracting Support Brigade<sup>3</sup> as the administrative contracting officer (ACO) for the task order.
- JFC–UA developed the December 23, 2014, PWS (PWS B) for line haul transportation and container operations in Liberia and Senegal. The scope of PWS B included:
  - task order management;
  - inbound material control;
  - warehousing;
  - receiving;
  - theater consolidation and shipping point operations; and
  - material accountability.

<sup>2</sup> U.S. Africa Command set up JFC–UA headquarters in Monrovia, Liberia, to provide regional support to U.S. Military activities and facilitate coordination with U.S. Government and international relief efforts.

<sup>3</sup> Army 414th provides operational contracting support to U.S. Africa Command.



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## BACKGROUND (CONT'D)

The contractor executed PWS A for task orders 1-5 and 7 and PWS B for task order 6. CORs used QASP A to perform oversight on task orders 1-5 and 7 and QASP B to perform oversight on task order 6. (See Table 1)

*Table 1. Summary of Task Orders Awarded Under the Contract*

Task Order	Value	Task Order PWS	Task Order QASP	Number of CORs Assigned	Requiring Activity
1	\$ 102,965.00	A	A	1	SDDC
2	633,153.50	A	A	1	SDDC
3	346,635.60	A	A	1	SDDC
4	128,308.00	A	A	2	SDDC
5	47,620.00	A	A	1	SDDC
6	6,300,000.00	B	B	6	JFC-UA
7	16,555.00	A	A	1	SDDC
<b>Total:</b>	<b>\$7,575,237.10</b>				



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## Maritime Vessel Vega Transports Supplies to Liberia



Source: U.S. Africa Command

## Construction of Initial Staging Base, Dakar, Senegal



Source: U.S. Africa Command



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## FINDING: ACC-RI DID NOT APPOINT CORs AND ENSURE CORs RECEIVED TRAINING FOR ONE OPERATION UNITED ASSISTANCE TASK ORDER

ACC-RI controls for monitoring contractor performance for seven task orders, valued at \$7.6 million, that supported OUA were generally effective. Specifically, CORs performed onsite contractor surveillance, and SDDC and JFC-UA developed QASPs in accordance with Federal and DoD requirements. However, for 1 of 7 task orders, the ACC-RI procuring contracting officer (PCO) did not appoint CORs in accordance with DoD requirements. Specifically, the PCO did not:

- properly appoint any of the six CORs assigned to the task order; and
- ensure 3 of 6 CORs received the required COR training.

This occurred because the PCO did not include COR appointment authority in the ACO delegation letter as she intended. As a result, ACC-RI officials did not ensure qualified individuals were assigned to monitor contractor performance.



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## SDDC AND JFC–UA DEVELOPED QASPs AND CORs PERFORMED ONSITE MONITORING

- SDDC and JFC–UA developed QASPs, as required by the Federal Acquisition Regulation (FAR), and the CORs performed onsite contractor surveillance in accordance with the QASP and the DoD Contingency COR Handbook (Handbook).<sup>4</sup>
- The FAR<sup>5</sup> states the QASP should specify all work that requires surveillance and the method of surveillance, and the Handbook states the QASP should explain:
  - what will be monitored;
  - how monitoring will take place;
  - who will conduct the monitoring; and
  - how monitoring efforts and results will be documented.

<sup>4</sup> DoD Contingency COR Handbook, Version 2, September 2012, Chapter 9, Developing a Quality Assurance Surveillance Plan.

<sup>5</sup> FAR Subpart 46.4, “Government Contract Quality Assurance.”



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## SDDC AND JFC–UA DEVELOPED QASPs AND CORs PERFORMED ONSITE MONITORING *(CONT'D)*

- SDDC and JFC–UA developed QASP A and QASP B, respectively, which required CORs to perform 100 percent visual inspections of contractor supplies and services.
  - Two SDDC CORs and six JFC–UA CORs performed onsite monitoring in Liberia and Senegal for all seven task orders reviewed. Specifically, the eight CORs observed the contractor executing the task order requirements.
  - Specifically, CORs inspected the number of containers the contractor unloaded from trucks and vessels; personal protective equipment the contractor purchased; and the amount of workspace the contractor provided.



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## SDDC AND JFC–UA DEVELOPED QASPs AND CORs PERFORMED ONSITE MONITORING *(CONT'D)*

- The QASPs required the CORs to document their surveillance results in progress reports to the contracting officer. The Handbook also states the COR should inform the contracting officer when supplies and services do not conform to contract requirements.
  - The CORs prepared all required reports for all seven task orders for the contract performance period. The reports documented the surveillance method used by the CORs, the contractor's quality of work ratings, the contractor's timeliness, and the contractor's compliance with contract requirements.



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## PCO DID NOT PROPERLY APPOINT AND TRAIN CORs

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- For task order 6 the ACC-RI PCO did not properly appoint the six CORs assigned to the task order.
  - The FAR<sup>6</sup> states contracting officers shall appoint a COR in writing. In addition, the Handbook<sup>7</sup> states that the COR letter of appointment must be signed by the contracting officer and acknowledged by the COR.
- The PCO stated the ACO was responsible for COR appointments, but the PCO acknowledged as a result of an administrative error, she did not delegate COR appointment authority in the ACO delegation letter. The ACO stated that he received mixed and confusing guidance, but on February 18, 2015, the ACO started the COR appointment process for the CORs assigned to task order 6.

<sup>6</sup> FAR Subpart 1.6, “Career Development, Contracting Authority, and Responsibilities.”

<sup>7</sup> DoD Contingency COR Handbook, Version 2, September 2012, Chapter 2, Roles and Responsibilities for Contract Surveillance.



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## PCO DID NOT PROPERLY APPOINT AND TRAIN CORs *(CONT'D)*

- The ACO did not properly appoint 5 of 6 CORs assigned to task order 6. Specifically, of the five CORs:
  - one did not have an appointment letter;
  - three did not acknowledge their appointment letters; and
  - one acknowledged their appointment letter after they acknowledged their COR termination letter.



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## PCO DID NOT PROPERLY APPOINT AND TRAIN CORs *(CONT'D)*

- The ACC-RI PCO did not ensure the six CORs assigned to task order 6 received the required COR training. A DoD memorandum<sup>8</sup> provides the minimum COR training requirements and basic skills needed to perform COR duties while deployed in a contingency environment.
  - Three CORs assigned to task order 6 did not receive the required COR training. Specifically, three CORs did not receive the basic COR training, and 2 of 3 CORs did not receive the training for CORs deployed in a contingency environment.
  - According to the ACO, the CORs did not complete their training requirements because of connectivity problems.
  - Table 2 provides a summary of COR appointments and training.

<sup>8</sup> The Under Secretary of Defense, Acquisition, Technology and Logistics memorandum, "DoD Standard for Certification of Contracting Officer's Representatives (COR) for Service Acquisitions," March 29, 2010.



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## PCO DID NOT PROPERLY APPOINT AND TRAIN CORs *(cont'd)*

*Table 2. Summary of CORs Appointed and Trained*

COR	Task Order	Location	Properly Appointed	Properly Trained
COR 1	1-5 and 7	Liberia	Yes	Yes
COR 2	4	Senegal	Yes	Yes
COR 3	6	Liberia	No	Yes
COR 4	6	Liberia	No	Yes
COR 5	6	Senegal	No	No
COR 6	6	Senegal	No	No
COR 7	6	Liberia	No	No
COR 8	6	Senegal	No	Yes



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## PCO DID NOT DELEGATE COR APPOINTMENT AUTHORITY AND ENSURE CORS WERE TRAINED

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- The PCO stated that as a result of an administrative oversight, she did not include COR appointment authority in the ACO delegation letter.
- The PCO stated that she did not ensure CORs received the required training because she expected the ACO to appoint the CORs.



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## UNQUALIFIED INDIVIDUALS MONITORING CONTRACTOR PERFORMANCE

- As a result, the CORs were not properly appointed and trained, and ACC-RI officials did not ensure qualified individuals were assigned to monitor contractor performance. The Handbook<sup>9</sup> states that all duties delegated to the COR must be specified in the letter of appointment. Without a letter of appointment, CORs may be unaware of the duties they are authorized and unauthorized to perform.
- Although we did not identify any instances where a COR did not have the technical ability to monitor contractor performance, assigning unqualified individuals to monitor contractor performance could impact the success of the mission.

<sup>9</sup> DoD Contingency COR Handbook, Version 2, September 2012, Chapter 3, COR Responsibilities.



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## RECOMMENDATION

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We recommend that the Executive Director, U.S. Army Contracting Command–Rock Island, direct the procurement contracting officer to include contracting officer representative appointment authority in future administrative contracting officers' delegation letters, when appropriate, and ensure contracting officer's representatives are properly appointed and trained.

### ***Management Comments Required***

The Executive Director, U.S. Army Contracting Command–Rock Island, did not respond to the recommendation in the report. We request that the Executive Director, provide comments on the final report.



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# SCOPE & METHODOLOGY

- We conducted this performance audit from February 2015 through May 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.
- We selected the second-highest dollar value Army OUA contract.<sup>10</sup>
- We reviewed all seven task orders and all modifications under the selected Army OUA contract (as of April 2015), valued at \$7.6 million.

<sup>10</sup> The highest dollar value Army OUA contract was a Logistics Civil Augmentation Program contract, which was audited by another DoD Office of the Inspector General team.



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## SCOPE & METHODOLOGY *(cont'd)*

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- We interviewed contracting officials from ACC-RI and Army 414th and CORs from SDDC and JFC-UA to identify their roles in the contract administration process.
- We reviewed key criteria related to contract monitoring, such as sections of the FAR and the DoD Contingency COR Handbook, and an Under Secretary of Defense, Acquisition, Technology and Logistics memorandum, “DoD Standard for Certification of Contracting Officer’s Representatives (COR) for Service Acquisitions,” March 29, 2010.
- We reviewed the contract file and the COR files for surveillance documentation, COR appointment letters, and training certificates.
- We did not rely on computer-processed data to perform this audit.
- We did not identify any prior audit coverage.



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## Acronyms and Abbreviations

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<b>ACC-RI</b>	U.S. Army Contracting Command–Rock Island
<b>ACO</b>	Administrative Contracting Officer
<b>COR</b>	Contracting Officer’s Representative
<b>JFC-UA</b>	Joint Forces Command United Assistance
<b>OUA</b>	Operation United Assistance
<b>PCO</b>	Procuring Contracting Officer
<b>PWS</b>	Performance Work Statement
<b>QASP</b>	Quality Assurance Surveillance Plan
<b>SDDC</b>	U.S. Army Military Surface Deployment and Distribution Command



# Whistleblower Protection

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